



Public Service Commission

-M-E-M-O-R-A-N-D-U-M-

DATE: April 10, 1996
TO: Alice Crosby, Division of Legal Services
 Division of Records and Reporting
FROM: Patricia Brady, Division of Water and Wastewater *pb 12M GW*
RE: Docket No. 960349-WU, Petition for acknowledgement of a corporate reorganization of Hobe Sound Water Company in Martin County.

By letter dated March 6, 1996, Hobe Sound Company (Parent Company) noticed the Commission of a proposed corporate reorganization affecting Hobe Sound Water Company (Water Company). The reorganization is tentatively scheduled for June 30, 1996, pending Commission acknowledgement. This docket was opened by staff on March 18, 1996, to process the acknowledgement administratively.

The Parent Company owns all the outstanding capital stock of the Water Company. The majority (60%) owner of the Parent Company is the Reed family trust (Trust) with the remaining 40% owned by members of the Jupiter Island Club. The proposed reorganization is intended to separate ownership and control of the Parent Company's club operations from its other operations, including those the Water Company. To accomplish this separation, the Trust intends to exchange a portion of its shares in the Parent Company for all outstanding capital stock in the Water Company owned by members of the Jupiter Island Club. As a result, after the reorganization, the Water Company will be 100% owned by the Trust.

Since the Trust is currently the majority owner of the Water Company, the proposed reorganization does not rise to the level of a transfer of certificate or change in majority control as contemplated by Section 367.071, Florida Statutes. The current President of the Water Company, Nathaniel P. Reed, is expected to remain President after the reorganization. No changes in the Water Company's approved rates and charges are contemplated by the reorganization nor is the name of the Water Company to be changed. Consequently, no revisions are necessary to the Water Company's tariff sheets or certificate.

Section 2.07(C)(3) of the Administrative Procedures Manual grants the Director of the Division of Records and Reporting, in coordination with the appropriate industry division and the Division of Legal Services, the authority to approve corporate reorganizations where no change of ownership or control or transfer of assets is involved. As stated in the Parent Company's March 6th letter, both before and after the proposed reorganization, the Water Company is majority owned and operated by the Trust. Staff, therefore, recommends that an administrative order be issued acknowledging the corporate reorganization of Hobe Sound Water Company and that this docket be closed.

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